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North Dakota
Sales and Use Tax Guideline
For:

**SERVICE STATIONS
AND GARAGES**

Prepared By
**OFFICE OF
STATE TAX COMMISSIONER**

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Commissioner

SERVICE STATIONS AND GARAGES

Retail Sales - Sales for Resale

A "retail" sale is the sale of tangible personal property to a person who is the final user of the goods. Businesses which normally buy for resale also buy for their own use and, when making these purchases, are subject to sales tax.

The following lists show items which are normally purchased for resale (column on the left) and items which are normally purchased for final use (column on the right). Businesses purchasing for resale are required to furnish a Certificate of Resale to the supplier.

PURCHASES MADE BY SERVICE STATIONS - GARAGES - AUTO DEALERS

Resale

Repair parts
Automobile bulbs
Headlamp units
Tires-tubes
Batteries
Battery cable
Oil
Antifreeze
Oil additives
Gas additives
Motor tonics
Radiator flush and stop leak
Fan belts
Radiator & heater hose
Tube repair kits
Windshield scrapers
Chains
Bug screens
Seat covers-cushions
Valve stems and cores
Wiper blades and arms
Mufflers and clamps

Taxable

Hoists
Floor jacks
Engine analyzers
Timing lights
Tire changing & repair equipment
Wheel balancing equipment
Car wash equipment
Car wash soap
Gas pumps, hoses, nozzles
Air equipment and hoses
Greasing equipment
Battery charging equipment
Battery testing equipment
Radiator testing equipment
Vacuum cleaners
Floor oil & grease absorbents
Hand cleaner
Office equipment - supplies
Bathroom soap
Toilet tissue
Paper towels
Cleaning rags

**PURCHASES MADE BY
SERVICE STATIONS - GARAGES - AUTO DEALERS**

Resale

Tailpipes
Tar remover
Windshield washer & antifreeze
Tire boots (for resale)
Tubeless tire repair material
(for resale)
Auto wax and cleaner
Chamois (for resale)
Bug sponges (for resale)
Hand tools (for resale)
Hand gun grease cartridges
Wheel bearing grease (for resale)

Taxable

Brooms and mops (for use)
Bug sponges (for use)
Chamois (for use)
Tire boots (for use)
Tubeless tire repair material
(for use)
Hand tools (for use)
Window cleaner
Tire gauges
Light bulbs
Friction & electric tape
Wheel bearing grease (for use)

**PURCHASES MADE BY AUTOMOBILE BODY
SHOPS OR GARAGES WITH BODY SHOPS**

Resale

Radiators	Shock absorbers
Grilles	Hub caps
Bumpers	Wheels
Brackets	Tires
Fenders	Door handles
Hoods	Floor mats
Trunk lids	Cigarette lighters
Doors	Paint
Trim	Thinner
Windshields	Body filler or putty
Window glass	Body lead
Chassis parts	Accessories
Engine parts	Sealer and primer
Head lamps	Solder
Bulbs	

Taxable

Masking tape
Masking paper
Sand paper
Sanding discs
Sanders
Paint sprayers
Hand tools
Equipment parts
Office Supplies
Drill bits
Shop files
Wiping cloths
Rubbing compound
Cleaners

It is not always clear if a sale is for resale or for final use. Suppliers selling to retailers who have provided a valid Certificate of Resale are not expected to identify every sale for final use, but obvious final use sales are subject to sales tax.

A Certificate of Resale accepted by the supplier relieves the supplier of the responsibility of collecting sales tax from the buyer from whom the Certificate of Resale was accepted. If a buyer claims a purchase is for resale and it is later determined that the purchase should have been taxable, any tax and penalty due thereon will be collected from the buyer.

Repair Work

All repair parts, tires, batteries and accessories sold or used in repair work are subject to sales tax, except items sold for resale or used to repair an automobile being held for resale. (Obtain a Certificate of Resale from purchaser.)

All persons performing repair work on motor vehicles should bill customers in such a manner as to show separate charges for materials or parts sold and labor or services performed. Sales tax should be added to the selling price of all parts and material listed.

Automobile Washing, Waxing and Lubrication

Wash, wax, polish and grease job are services which are not taxable under sales tax law. Sales of soap, wax, polish, and grease to garage or service station operators are taxable sales unless such items are also for resale. In this case, the items should be purchased without payment of sales tax on the theory of resale and when the items are removed from retail inventory for use in performing a service, they become taxable to the garage or service station operator.

Tire Sales - Tire Repair

Sales of tires including retread tires, are subject to sales tax. Sales tax is computed on the price after adding the excise tax and after deducting a trade-in or a discount.

Vulcanizing, recapping, and retreading services are subject to sales tax. Materials, which become a part of a retread tire, may be purchased for resale by the retreader. Equipment and supplies that do not become part of the retread tire are subject to sales or use tax when purchased by the tire retreader.

Candy, Chewing Gum & Soft Drinks

Sales of all candy, chewing gum and soft drinks are subject to sales tax, whether consumption is on or off the premises. This includes sales of these items through coin-operated vending machines. Soft drinks include various fruit drinks, if the amount of pure fruit juice in the fruit drinks does not equal or exceed 70% of the product.

Cigarettes, Cigars, and Other Tobacco Products

Sales of cigarettes, cigars, and other tobacco products are subject to sales tax on the full selling price.

Motor Vehicles

The gross receipts from sales of motor vehicles, including trailers and semitrailers required to be titled under Chapter 39-05 of the North Dakota Century Code, are exempt from sales tax. Instead, motor vehicle excise tax is imposed on the purchase price of any motor vehicle purchased or acquired in or outside of the state of North Dakota for use on the highways and streets of this state and required to be registered under the laws of this state.

The collection of this motor vehicle excise tax is carried out by the Motor Vehicle Registrar who acts as an agent of the State Tax Commissioner.

The purchaser of an automobile is responsible for payment of motor vehicle excise tax to the Motor Vehicle Registrar but many automobile dealers do collect the tax from their customers and remit it to the Motor Vehicle Registrar as a service to their customers.

Leasing or renting of tangible personal property is subject to sales tax unless the tangible personal property was purchased for final use and consumption and sales or use tax was paid on the purchase, or unless the tangible personal property is a motor vehicle required to be titled and upon which the motor vehicle excise tax has been paid.

Questions regarding leasing, lease-purchases or trade-in allowances on leased motor vehicles should be referred to the Motor Vehicle Department at 701-328-2725. Correspondence should be directed to the North Dakota Motor Vehicle Department, 608 E. Boulevard, Bismarck, ND 58505.

Records

All persons performing repair work should keep records to clearly reflect separate charges for labor, parts and material. Such records must be preserved for a period of three years and three months; this includes all invoices and other records of items purchased for resale. All such books, invoices and other records shall be open to examination at any time by the Tax Commissioner or any of the Commissioner's duly authorized agents.

Items Subject to Use Tax

Supplies listed under the taxable group in the first part of this guideline are normally used and consumed by service stations, garages and auto dealers, the suppliers of such items should collect tax on the sale of those items. In any instance where the suppliers of these items did not collect tax when invoicing the service stations, garages or auto dealers, the owners of such businesses (buyer) are required to list the total of such purchases on line 4 of the sales and use tax return covering the period in which such purchases were made and remit the tax due on them along with the tax due on the taxable sales reported on line 1 of the sales and use tax return.

Supplies and equipment removed from inventory for personal use or for use in the business are subject to use tax. The cost of these items should be included on line 4 of the sales and use tax return.